



Michigan Senate

Michael D. Bishop

State Senator

Senate Majority Leader

12TH DISTRICT

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The Honorable Jennifer M. Granholm
111 S. Capitol Ave.
Lansing, MI 48933

Dear Governor Granholm:

I write to express my disappointment with your misleading characterization of the state of the K-12 budget. Contrary to your assertions to the press, the Michigan Legislature did send to your desk a balanced school aid budget. In fact, you have budget bills on your desk that are not only balanced, but reserve hundreds of millions of federal stimulus dollars as a down payment on next year's budget.

A majority of members of both the House and Senate approved House Bill 4447, which funded the foundation allowance at \$165 per pupil lower than last year's budget. It also funded several categorical items, including the so-called "20j" districts who will suffer even greater cuts to the tune of an additional \$52 million to their current-year funding due to the unilateral decision you made to veto that line item.

While your vetoes themselves would be cause enough for concern, I am more alarmed by your unilateral claims that the budget presented to you is not balanced. Your State Treasurer has asserted his opinion that we face a greater shortfall in FY10 than was previously estimated. I must remind you that, per Michigan law, the State Treasurer and the legislative fiscal agencies establish a consensus revenue projection upon which the state budget is based. The budgets presented to you were based on the official revenue estimates for the state established at the last Consensus Revenue Estimating Conference (CREC) in May of this year. While monthly revenues since May have departed from that projection, as they always do – some months higher than expected and other months lower, you yourself argued during budget negotiations this summer that we needed to build the budget on those official estimates. In retrospect, it was perhaps the only issue on which we were in agreement.

You are now departing from those numbers, and asserting publicly a different estimate of the state's revenues. Ignoring the consensus revenue estimates is a very dangerous precedent to set. The CREC process was enacted in 1991 as a reform to discourage the manipulation of revenue

estimates to suit political purposes. I believe you are doing exactly that in an effort to maximize the amount of a pro-rata reduction to schools you are sure to issue.

Your use of the gubernatorial veto on school children around the state, as well as ignoring the official revenue estimates generated by a public process set forth in law, reaffirms my belief that you are only trying to lay the groundwork for an unnecessary tax increase on Michigan's citizens. The fact that you are willing to disregard the state's official revenue figures and allow school children to serve as collateral damage is reckless and irresponsible.

Michigan already has a set of economic and budgetary problems on its hands. Your efforts to create an additional K-12 funding crisis are not welcome.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael D. Bishop". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Michael D. Bishop
Senate Majority Leader